Russia's plan to increase taxes on dividends and interest transferred to other countries

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In response to Covid-19, in addition to introducing "mitigating" tax measures, some countries also tighten their policy towards foreign jurisdictions.

Russia's plan to increase taxes imposed on dividends and interest transferred to foreign countries is a rather surprising step, fairly strict and unconventional.

Russia contacted the finance ministries of e.g. Cyprus, Malta and Luxembourg (the list of other countries is under preparation) with a proposal to amend the existing double taxation treaties. Russia wants to impose a 15% withholding tax (instead of the currently agreed 5% or 0%) on dividends and interest transferred to these jurisdictions. The changes should take effect from 1 January 2021.

In the event of unsuccessful negotiations, the Russian president's instruction is to unilaterally terminate the existing treaties.

You can find more details in the Alert here. Alternatively, feel free to contact your EY team or the author of the article.

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